

E.S.
4/22/97



State of Illinois
ENVIRONMENTAL PROTECTION AGENCY

2200 Churchill Road, Springfield, Illinois 62794-9276

Mary A. Gade, Director

217/782-9832

217/782-9143 (TDD)

April 22, 1997

Mr. Sean Mulroney
Office of Regional Counsel
United States Environmental Protection Agency
Region V (CM-29A)
77 West Jackson Blvd.
Chicago, Illinois 60604

Re: U.S. v. N.L. Industries

Dear Mr. Mulroney:

As we discussed by telephone earlier this month, I am the Illinois EPA attorney assigned to the N.L. Industries Superfund Site in Granite City. The Illinois EPA intends to become more involved in the litigation at this Site. We are considering possible intervention in the current case in the U.S. District Court for the Southern District of Illinois. Please keep me informed with regard to developments in the case, particularly with regard to proposed settlements.

Also, it is my understanding that, as part of the remedy at the N.L. Industries Site, the waste pile located on the adjacent St. Louis Lead Recyclers facility is to be consolidated with the N. L. Industries waste pile. I don't know if you are aware of this, but the Illinois EPA had been in communication with USEPA in the past regarding a letter of credit in the amount of \$190,000 issued as financial assurance in connection with RCRA closure obligations at the St. Louis Lead Recyclers Site. This letter of credit was, apparently, created so as to meet financial assurance obligations to the State of Illinois under its authorized administration of the RCRA program. However, the letter of credit appears to have been made out to the the Regional Administrator of the USEPA. A copy of the letter of credit is enclosed. The letter of credit itself spells out the steps necessary in order to cash it, which consist of the execution of a sight draft and a certification that the funds are for closure activities required by RCRA.

In the past, USEPA has stated that it would release the funds, upon a demonstration of how they would be used. We would like to explore the possibility of using these funds for the remediation as selected in the ROD. There are a number of potential issues which may arise in attempting to cash this letter of credit, not the least of which is that there is uncertainty as to whether the letter of credit is still in effect, and whether funds set aside for RCRA purposes can be used for a CERCLA remediation. Nevertheless, I believe that it is worth looking into. The State of Illinois

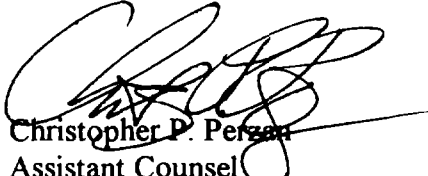


Mr. Sean Mulroney
Page 2

is willing to pursue this and would like to have the \$190,000 credited toward its \$800,000 share of the costs.

Please contact me to discuss these issues at your convenience.

Sincerely,



Christopher P. Pergen
Assistant Counsel
Division of Legal Counsel

Enclosure



An Affiliate of  MAGNA GROUP INC.

20th and Edison
P.O. Box Y
Granite City, Illinois 62040
618 451-5400
FAX 618 451-5427

IRREVOCABLE STANDBY LETTER OF CREDIT NO. 807
October 23, 1989

Regional Administrator
United States Environmental
Protection Agency
Region V
230 South Dearborn Street
Chicago, Illinois 60604

Re: Closure Plan/St. Louis Lead Recyclers and Trust 454

Dear Sir or Madam:

We hereby establish our Irrevocable Standby Letter of Credit No. 807 in your favor, at the request and for the account of St. Louis Lead Recyclers up to the aggregate amount of One Hundred Ninety Thousand U.S. Dollars (\$190,000), available upon presentation of

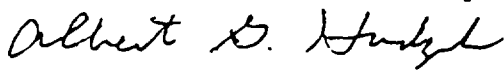
- (1) your sight draft, bearing reference to this Letter of Credit No. 807, and
- (2) your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under authority of the Resource Conservation and Recovery Act of 1976, as amended."

This Letter of Credit is effective as of November 25, 1989, and shall expire on November 25, 1990, but such expiration date shall be automatically extended for a period of one year on November 25, 1990, and on each successive expiration date, unless at least 120 days before the current expiration date, we notify both you and St. Louis Lead Recyclers by certified mail that we have decided not to extend this Letter of Credit beyond the current expiration date. In the event you are so notified, any unused portion of the credit shall be available upon presentation of your sight draft for 120 days after the date of receipt by both you and St. Louis Lead Recyclers, as shown on the signed return receipts.

Whenever this Letter of Credit is drawn on under and in compliance with the terms of this credit, we shall duly honor such draft upon presentation to us, and we shall deposit the amount of the draft directly into the standby trust fund of St. Louis Lead Recyclers in accordance with your instructions.

We certify that the wording of this Letter of Credit is identical to the wording specified in 40 C.F.R. 264.151(d) as such regulations were constituted on the date shown immediately below.

Sincerely,



Albert G. Hudzik
Executive Vice President

AGH:plp

Dated: October 23, 1989

This credit is subject to the most recent edition of the Uniform Customs and Practice for Documentary Credits, published by the International Chamber of Commerce.